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No.

In the
SUPREME COURT OF THE UNITED STATES
October Term, 1996

In Re: JAMES O. GOETZMAN and GEORGIANN GOETZMAN,

Debtors

JAMES O. GOETZMAN and GEORGIANN GOETZMAN,

Petitioners,

v.

AGRIBANK, FCB, formerly known as Federal Land Bank of St. Paul, formerly known as Farm Credit Bank of St. Paul,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

I: Whether a United States Bankruptcy Court retains subject-matter jurisdiction to determine the extent of the discharge of unsecured debts in a Chapter 12 Plan?

II: Whether a federal Court has jurisdiction to hear a collateral attack on a state court judgment when the judgment comes from the United States Bankruptcy Court and involves a legally-unenforceable obligation?

III: Whether the legal doctrines related to preclusion, including the Rooker-Feldman doctrine, res judicata, and collateral estoppel prevent a Bankruptcy Court from adjudicating the extent to which debts have been discharged in a Bankruptcy case, particularly when a State court has refused to decide the issue?

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AGRIBANK, FCB, formerly known as Federal Land Bank of St. Paul, formerly known as Farm Credit Bank of St. Paul,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE UNITED STATES

James O. Goetzman and Georgiann Goetzman respectfully petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit.

OPINIONS BELOW

Petitioners-Goetzman seek review of a reported decision of the United States Court of Appeals for the Eighth Circuit filed August 7, 1996. The United States

District Court had previously filed its order on August 31, 1995, affirming the dismissal of Goetzman's adversary complaint by the United States Bankruptcy Court. The Bankruptcy Court had entered its Order of Dismissal and filed its Judgment on October 28, 1994.

STATEMENT OF JURISDICTION

The jurisdiction of this Court is invoked under 28 U.S.C., Section 1254.

CONSTITUTIONAL PROVISIONS INVOLVED

Amendment V of the Constitution of the United States provides that "No person shall be * * * deprived of * * * property without due process of law."

Article I, Section 8, indicates that "[t]he Congress shall Power To * * * establish * * * uniform Laws on the subject of bankruptcies throughout the United States.

STATEMENT OF THE CASE

This Petition raises fundamental questions concerning the extent to which a debt discharged by a United States Bankruptcy Court must be regarded as discharged by State or Federal courts in subsequent litigation.

The Goetzman family farmed in Renville County, Minnesota. During the farm crisis, the family successfully sought protection under the Bankruptcy Code. As part of the reorganization, AgriBank and the Goetzmans stipulated to the amounts of secured and

unsecured indebtedness. Goetzmans completed their Chapter 12 bankruptcy plan through which this significant unsecured debt owed to AgriBank was fully discharged.

When James Goetzman tendered the remaining secured balance, AgriBank rejected the payment as several days late and so untimely. Goetzmans sued for specific performance; AgriBank foreclosed by action. The two suits were consolidated. The jury heard only the issue of whether an annual payment had been delivered to AgriBank on time.

The trial court declined to consider the extent of the indebtedness discharged by the Bankruptcy Court; and, not having received this critical information as evidence, the jury included Goetzmans' entire discharged debt in its $741,627.30 judgment.

The trial court then allowed Goetzmans 30 days to ask the Bankruptcy Court to interpret its order for discharge. Goetzmans could not obtain bankruptcy counsel or review on such short notice, and judgment was entered. Goetzmans appealed to the Minnesota Court of Appeals without relief; the Minnesota Supreme Court, declined review.

Goetzmans later retained counsel who immediately brought an adversary complaint in Bankruptcy Court against AgriBank before the oral argument at the Minnesota Court of Appeals had been heard. The Bankruptcy Court entertained the adversary action, but dismissed on grounds of comity and that the Complaint had failed to state a claim on

which relief might be granted.

On appeal, the United States District Court reversed, holding that the Bankruptcy Court lacked subject-matter jurisdiction under the Rooker-Feldman doctrine.

An appeal to the United States Court of Appeals followed; that Court affirmed the District Court.

COURSE OF PROCEEDINGS

The United States Bankruptcy Court discharged Goetzmans' debts at the completion of their Chapter 12 Plan. Later, in the context of unrelated State court and appellate proceedings, the Goetzmans brought an adversary proceeding against AgriBank in Bankruptcy Court, asserting that this same unsecured debt had been discharged.

The Bankruptcy Court dismissed for failure to state a claim. The United States District Court dismissed for lack of subject-matter jurisdiction. The Eighth Circuit affirmed under this Supreme Court's Rooker-Feldman analysis.

REASONS FOR GRANTING THE WRIT

I: A United States Bankruptcy Court retains subject-matter jurisdiction to determine the extent of the discharge of unsecured debts in a Chapter 12 Plan.

II: A federal Court has jurisdiction to hear a collateral attack on a state court judgment when the judgment comes from the United States Bankruptcy Court and

involves a legally-unenforceable obligation.

The underlying bankruptcy discharge order in In re Goetzman included the standard injunction against any creditor using legal process to attempt to "collect, recover or offset any such debt discharged...as a personal liability of the debtor." When AgriBank, FCB, initiated its foreclosure by action, Goetzmans affirmatively defended with the defense of discharge by tender of payment.

The crucial issues related to the actual indebtedness which had been discharged in bankruptcy were never heard by the State court.

State court Judge John J. Weyrens, avoided his obligation to decide the issue of extent of the debt discharged in the Goetzmans' bankruptcy:

> [MR. LUNDQUIST]: ...First of all, Your Honor, the question in the first motion in limine relates to the issue of the amount due under the agreement and the Chapter 12 reorganization. I presented to the Court a copy of the final chapter plan of reorganization. It deals with the Federal Land Bank of Willmar claim, which the Court is well aware is AgriBank, and it sets forth the amount of the claim.
>
> For the record, it's the similar amount that's referred to in the stipulation. And then the agreement provides that the Federal Land Bank will have the

value of the collateral, including the FLB stock securing the FLB claim, of $370,000. The Federal Land Bank will have an unsecured claim for the balance of their claim. That provision provides that, essentially, loan one is the only portion of the agreement that is secured.

I have also provided to the court a copy of the bankruptcy court order dated, I believe, June 18, 1987, that confirmed this plan. And this is a plan that's been confirmed by the United States Bankruptcy Court.

Finally, Exhibit B attached to the motion is an Order Discharging the Chapter 12 debtor. The discharge relates to --number one of the order discharges all unsecured debt.

THE COURT: Why do we have to take this up at this time?

MR. BRAEGELMANN: Could we --

MR. LUNDQUIST: It's the position of the Goetzmans that loan number two is entirely unsecured.

THE COURT: But what's that got to do with this trial?

MR. LUNDQUIST: I want to make sure the record is clear.
THE COURT: * * * ...I

do not necessarily disagree with any of the information you have presented to me about the effect of the bankruptcy. But it's simply not an issue now and we shouldn't be wasting our time on it. And [Goetzman] waives nothing, because the only thing at this trial is that one single issue. That's all we're deciding now.

MR. LUNDQUIST: So the Court is not going to make a determination based on this record as to the bankruptcy issue? Is that my understanding?

THE COURT: That's right.

Trial Court Transcript, 37-39, A-30 through A-32.

At the end of the trial, in fairness, the trial court ordered that Goetzmans had thirty days to request from the Bankruptcy Court an interpretation of this discharge of indebtedness.

James Goetzman asked his former bankruptcy Counsel to assist him, but William Kampf did not respond in any useful way.

Present Counsel then filed the adversary complaint which the Bankruptcy Court dismissed.

This was error. The bankruptcy court retains post-confirmation jurisdiction to

interpret and enforce its own orders. In re Arctic Enterprises, Inc., 35 B.R. 978, 979 (Bankr. D. Minn. 1983). See also United States of America v. 60.22 acres of Land, 638 F.2d 1176 (9th Cir. 1980).

Despite this, the Bankruptcy Court here acknowledged that the discharge-in-bankruptcy issue raised by the Goetzmans in the State court proceedings had not been heard by the trial court:

> I'm sort of asking my question, well, suppose I agreed with the debtors' interpretation of all of this. So what? We have a valid State court judgment that says AgriBank gets to foreclose. Anything I say isn't going to change that at this point and it just sort of leads me to indicate that either the issues were --should have been considered or were considered, or if they weren't considered it was error but your remedy is [to] convince the State Court [of Appeals] --the state appellate courts that the trial court made a mistake in not either considering something that you or misconstruing [it]. Whatever you think the mistakes were that is your remedy.

Bankruptcy hearing Transcript at page 17.

An order for discharge with its permanent injunction has no on-going legal effect under the present Goetzman decision issued by the Eighth Circuit.

The Goetzman controversy stands as a collateral attack on the State trial court judgment, a matter appropriately heard by a Bankruptcy Court. As the court stated in In re National Structures, Inc., 74 B.R. 986, 989 (Bankr.E.D.Wis. 1987):

> A federal court may entertain a collateral attack on a state court judgment when the judgment is claimed to be the product of fraud, collusion, or duress, or when the prior court lacked personal or subject matter jurisdiction, **or when the judgment is founded on no real debt or on a legally unenforceable obligation.** In re A-1 24 Hour Towing Inc., 33 B.R. 281, 10 B.C.D. 1382 (Bkrtcy.N.V.1983).

(Emphasis added.)

The United States Bankruptcy Code "voids any judgment at any time obtained, to the extent that such judgment is a determination of the personal liability of the debtor with respect to any debt discharged under [Chapter 12 of the Bankruptcy Code] whether or not discharge of such debt is waived," Bankruptcy Code, Section 524.

III: The legal doctrines related to preclusion, including the Rooker-Feldman doctrine, res judicata, and collateral estoppel do not prevent a Bankruptcy Court from adjudicating the extent to which debts have been discharged in a Bankruptcy case, particularly when a State court has refused to decide the issue.

The United States Supreme Court held in Brown v. Felsen, 442 U.S. 127 (1979), that "bankruptcy courts are not limited by the doctrine of res judicata when determining whether a particular debt is dischargeable." Res judicata should not be an issue, particularly since even the Minnesota Supreme Court agrees, Anderson v. Sundstrom, 241 N.W.2d 82, 85 (Minn. 1976), holding that "[t]he dischargeability issue was ruled out rather than decided, so principles of res judicata would not apply." The confirmed Chapter 12 Plan turns on res judicata: AgriBank is bound by the Plan, In re Winterfeldt, 28 B.R. 486, 488 (Bankr. E.D.Wis. 1983).

Neither can collateral estoppel prevent the Bankruptcy Court from acting: Laughter v. Speight, 167 B.R. 891, 895, fn. 1 (W.D. Ark. 1993), citing In re Chapman, 125 B.R. 284, 286 (Bankr. S.D.Cal. 1991), stated that for collateral estoppel to apply four criteria must be met:

> 1) the party against whom estoppel is asserted must have been a party to the prior adjudication and actively participated in the litigation;
>
> 2) the issue that forms the basis for estoppel must have been actually litigated and determined on the merits;
>
> 3) the determination of the particular issue must have been necessary or essential to the court's judgment; and
>
> 4) the issue to be precluded is identical to the issue in the

former action.

See In re LaCasse, 28 B.R. 214, 216 (Bankr. Minn. 1983), for a similar discussion. It cannot be disputed that the amount of the debt discharged in the Goetzman Chapter 12 case was not litigated at all in the Minnesota trial court. Given that only the first of the elements outlined in Laughter, op. cit., is met, collateral estoppel cannot control.

In Joachim Memorial Home v. Askew, 404 F.Supp. 1154 (D.N.D. 1975), the court reiterated the proposition that

> lower federal courts possess no power whatever to sit in direct review of state court decisions. Atlantic Coast Line Railroad Company v. Brotherhood of Locomotive Engineers, 398 U.S. 281, 296, 90 S.Ct. 1739, 1748, 26 L.Ed.2d 234 (1970). The language of the United States Supreme Court in Rooker v. Fidelity Trust Company, 263 U.S. 413, 44 S.Ct. 149, 68 L.Ed. 362 (1923) is pertinent here:
>
> > If the constitutional questions stated in the...(complaint) actually arose in the cause, it was the province and duty of the state courts to decide them; and their decision, whether right or wrong, was an exercise of jurisdiction. If the

> decision was wrong, that did not make the judgment void, but merely left it open to reversal of modification in an appropriate and timely appellate proceeding. Unless and until so reversed or modified, it would be an effective and conclusive adjudication.

Where there has been no such adjudication, the Fourteenth Amendment right to procedural due process may be invoked to confer jurisdiction on a federal district court. The offending first judgment may then be invalidated or collaterally attacked in a separate judicial process. Brinkerhoff-Faris Trust & Savings Co. v. Hill, 281 U.S. 673, 681 (1930).

Rooker-Feldman should not serve as a basis for a complete dismissal of a lawsuit brought in federal district court, Charchenko v. City of Stillwater, 821 F. Supp. 1284, 1285 (D. Minn. 1993):

> This case raises troubling questions regarding the congenial interplay between state and federal courts. Certainly, the Rooker-Feldman doctrine prevents this court from sitting in review of matters which have been considered by the State court. See Dist. of Columbia Court of

Appeals v. Feldman, 460 U.S. 462, 103 S.Ct. 1303, 75 L.Ed.2d 206 (1983); Rooker v. Fidelity Trust Co., 263 U.S. 413, 44 S.Ct. 149,68 L.Ed. 362 (1923). In this case, however, application of the Rooker-Feldman doctrine is complicated by the fact that the state tribunal reached only jurisdictional issues in the case. The Court recognizes that a person is normally entitled to have his grievance heard on the merits.

Also, Bankruptcy Rule 4007 permits an adversary complaint to determine the dischargeability of a debt even after a bankruptcy case has been closed.

In the present case, the State trial court entered a judgment without deciding the crucial issue of whether and to what extent Goetzman's unsecured debt had been discharged.

CONCLUSION

This United States Supreme Court has not decided whether Rooker-Feldman prevents a Bankruptcy Court from hearing an adversary complaint concerning the dischargeability of a debt. Since the Bankruptcy Code and Rooker-Feldman cannot be reconciled under the facts of this case, this Supreme Court should issue this Writ and settle the question.

Dated at St. Paul, Minnesota, this 4th day of November, 1996.

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UNITED STATES COURT OF APPEALS

FOR THE EIGHTH CIRCUIT

No. 95-3470MNMI

In re: James O. Goetzman,
Georgiann Goetzman,

Debtors

- - - - - - - - - - - - - - -

James O. Goetzman; Georgiann
Goetzman,

Plaintiffs - Appellants,

vs.

Agribank, FCB; formerly known as
Federal Land Bank of St. Paul;
formerly known as Farm Credit Bank
of St. Paul,

Defendant - Appellee.

Appeal from the United States District
Court for the District of Minnesota

JUDGMENT

This appeal from the United States District Court was submitted on the record of the district court, briefs of the parties and was argued by counsel.

After consideration, it is hereby ordered and adjudged that the judgment of

the district court in this cause is affirmed in accordance with the opinion of this Court.

August 7, 1996

United States Court of Appeals

FOR THE EIGHTH CIRCUIT

NO. 95-3470

In re: JAMES O. GOETZMAN; GEORGIANN GOETZMAN

Debtors

JAMES O. GOETZMAN; GEORGIANN GOETZMAN

Plaintiffs - Appellants

V.

AGRIBANK, FCB; formerly known as Federal Land Bank of St. Paul, formerly known as Farm Credit Bank of St. Paul

Defendant - Appellee

Appeal from the United States District Court for the District of Minnesota

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Submitted: June 11, 1996

Filed: August 7, 1996

Before BEAM and HEANEY, Circuit Judges, and BOGUE, Senior District Judge.

BOGUE, Senior District Judge.

James and Georgiann Goetzman (Goetzmans) appeal the district court's[1] order affirming the Bankruptcy Court's dismissal of the Goetzmans' adversary complaint. Because we find the bankruptcy court was without subject matter jurisdiction to hear the matter, we affirm.[2]

I. BACKGROUND

The Goetzmans owned a farm in Renville County, Minnesota. In 1983, they signed a promissory note secured by a mortgage on the farm in favor of Agribank, FCB, f/k/a/ Federal Land Bank of St. Paul, f/k/a Farm Credit Bank of St. Paul (Agribank). In February, 1987, the Goetzmans submitted a plan of reorganization under Chapter 12 of the Bankruptcy Code. The loan obligation was renegotiated and the parties executed a stipulation in June 12, 1987, which was made part of the Goetzmans' plan of reorganization. The stipulation divided the mortgage debt into two separate loans: Loan No. 1 with a principal amount of $365,000.00, and Loan No. 2 with a principal amount of $216,387.00. The stipulation provided both loans were secured by the mortgage previously given on the farm.

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1. Honorable James M. Rosenbaum, United States District Court Judge for the District of Minnesota.

2. Appellee's motion to dismiss the appeal, ordered taken with the case, is denied.

Agribank forgave the remaining amount of Goetzmans' debt and the stipulation included a provision that allowed the Goetzmans to reduce the amount due on Loan No. 2 by making payments for Loan No. 1 on or before the dates the payments were due. Regarding the debt owed by the Goetzmans to AgriBank, the reorganization plan provided as follows:

> (AgriBank] has a total claim for principal and interest through May 31, 1987 of $760,615.00 The claim is secured by a perfected interest in Debtor's real property,
>
> [AgriBank's] claim will be paid in accordance with the attached Stipulation and Addendum to Stipulation. The value of collateral ... securing the ... claim is $370,000.00. [AgriBank] will have an unsecured claim for the balance of their claim. Any payments received by (AgriBank] on account of its unsecured claim will be applied towards the principal balance of Loan No. 1 as described in the attached stipulation...

The reorganization plan was confirmed by order of the bankruptcy court on June 18, 1987. On March 13, 1991, the bankruptcy judge ordered the Chapter 12 case closed and dismissed the trustee, thereby concluding the bankruptcy. The bankruptcy court's order, inter alia, discharged "all debts dischargeable under 11 U.S.C. S 1228(a)," rendered void any judgment thereafter obtained determining the personal liability of the debtors with respect to any discharged debt, and

enjoined creditors from commencing any action to collect or recover any discharged debt.

A dispute subsequently arose between the Goetzmans and Agribank as to the amount owed under the mortgage and stipulation. In June 1992, the Goetzmans tendered a check to Agribank for $339,994.40 which they claimed satisfied the entirety of their obligation. Agribank rejected the tender because it claimed the amount the Goetzmans were offering was not sufficient to satisfy the mortgage debt under the terms of the stipulation. The Goetzmans then filed a lawsuit in Minnesota state court for specific performance of the stipulation terms and sought an order directing AgriBank to accept the tendered payment as payment in full. Agribank, in turn, filed its own state court action seeking to foreclose the mortgage. The cases were consolidated for trial with the essential disputed issue being the amount the Goetzmans owed under the mortgage.[3]

The bankruptcy issue was brought up on the eve of the state court trial by way of a motion in limine filed by the Goetzmans asking the trial court to stay the proceedings pending an interpretation by

---

3. The narrower issue presented to the jury was whether a particular installment payment submitted to Agribank by the Goetzmans was made on or before a specific date, thereby rendering the payment timely pursuant to the terms of the stipulation. The jury found against the Goetzmans on this question.

the bankruptcy court of its order discharging the Goetzmans' personal indebtedness. The trial court denied the motion, apparently finding the matter irrelevant and proceeded with trial. Following the jury trial, the state court entered findings and conclusions on February 8, 1994, specifically finding the total indebtedness at the time of the trial was $741,627.30. Prior to entry of final judgment, the trial court allowed the Goetzmans thirty days in which to apply to the United States Bankruptcy Court for an interpretation of the bankruptcy court's order discharging the unsecured debt. The state trial court entered judgment in favor of AgriBank on March 10, 1994, apparently without notification from the Goetzmans or the bankruptcy court that a different course was warranted.

The Goetzmans appealed the state court judgment to the Minnesota Court of Appeals, which affirmed the trial court in an unpublished opinion. The appellate court made reference to the bankruptcy issue by noting that "[o]n the eve of oral argument, Goetzmans moved this court to stay these proceedings pending the decision in their declaratory judgment action in the United States Bankruptcy Court." Appellant's Appendix at 77. The court denied the belated motion because the "appeal was fully briefed and AgriBank was ready to present its oral argument." The Goetzmans appealed their case to the Supreme Court of Minnesota, which declined further review.

II. FEDERAL PROCEEDINGS

Following entry of final judgment in state district court, and during the

pendency of the state appeal, the Goetzman's filed an adversary complaint in the United States Bankruptcy Court on August 30, 1994. The complaint ultimately sought a determination regarding "the amount of the real estate lien represented by the unsecured portion of the lien and subsequently discharged in the underlying Goetzman bankruptcy discharge." The bankruptcy court, in an oral disposition, determined it had subject matter jurisdiction to resolve the issues presented, at least concurrently with the state court. The bankruptcy court presumed its jurisdiction was based on 28 U.S.C. S 1334(b), the court feeling that the action arose under or was related to a case arising under Title 11.

The bankruptcy court then addressed whether the state court action "collaterally estopped" the plaintiff's from pursuing its claim in the federal forum or whether the state court action served as "res judicata" on the issues presented. Regarding the state court action, the bankruptcy court noted that 11 ... fundamentally, the issue became what was the amount of debt and is that secured by the property." Given that the issue in state court was the amount of the debt, decided against the Goetzmans, the court dismissed the complaint on the grounds that it failed to state a claim on which relief can be granted.

The district court reversed in part, holding the bankruptcy court lacked subject matter jurisdiction. The court determined that regardless of how the adversary complaint was postured, what the Goetzmans actually sought was federal review of state

court determinations. The district court dismissed the case on the authority of Rooker v. Fidelity Trust Co., 236 U.S. 413, 416, 44 S.Ct. 149, 150, 68 L.Ed. 362 (1923), and District of Columbia Court of Appeals v. Feldman, 460 U.S. 462, 476, 103 S.Ct. 1303, 1311, 75 L.Ed.2d 206 (1983), which direct that lower federal courts do not have subject matter jurisdiction over challenges to state court decisions in judicial proceedings.[4]

III. DISCUSSION

The Goetzmans appeal arguing the district court erred in holding the bankruptcy court did not have subject matter jurisdiction over their adversary complaint. The existence of subject matter jurisdiction in federal court is a question of law that we review de novo. Keene Corp. v. Cass, 908 F.2d 293, 296 (8th Cir. 1990) citing, Schmidt v. United States, 901 F-2d 680, 683 (Sth Cir. 1990). Because we find the Goetzmans' federal action prohibited under the Rooker-Feldman doctrine, we affirm the district court.

Initially it should be noted that

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4. The district court also found subject matter jurisdiction lacking on the basis that the bankruptcy court did not reserve jurisdiction upon closing of the Chapter 12 case three years previous. Because we are affirming the district court on the grounds that the Rooker-Feldman doctrine prohibits the Goetzmans' claim, we express no opinion on other rationale relied on by the district court.

preclusion (relied on by the bankruptcy court) and the Rooker-Feldman doctrine (relied upon by the district court) are closely related legal concepts. Charchenko v. City of Stillwater, 47 F.3d 981, 983 n.1 (8th Cir. 1995) (noting that "Rooker-Feldman is broader than claim and issue preclusion because it does not depend on a final judgment on the merits. Aside from this distinction the doctrines are extremely similar."); Bryant v. Sylvester, 57 F.3d 308, 312 (3rd Cir. 1995) (discussing rational behind the Rooker-Feldman doctrine, noting that "[l]ike claim preclusion, Rooker-Feldman is partly concerned with finality, with ensuring that litigants do not take multiple bites from the same apple."); Valenti v. Mitchell, 962 F.2d 288, 297 (3rd Cir. 1992) (noting "close affinity" between the Rooker-Feldman doctrine legal concepts of claim and issue preclusion).

Although the bankruptcy court below appeared to base its decision on the grounds of preclusion, many of the concerns espoused by the court highlight the reasoning behind the Rooker-Feldman doctrine.[5]

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5. At its oral disposition, the bankruptcy court noted:

> We have a valid state court judgment that says Agribank gets to foreclose. Anything I say isn't going to change that at this point and it just sort of leads me to indicate that either the issues were--should have been considered it was error but your remedy is to convince the state appellate courts that the trial

Under the Rooker-Feldman doctrine, lower federal courts lack jurisdiction to engage in appellate review of state court determinations. Keene Corp. v. Cass, 908 F.2d 293, 296 (8th Cir. 1990) (citations omitted). Although the state and federal claims may not be identical, impermissible appellate review nay occur when a federal court is asked to entertain a claim that is "inextricably intertwined" with the state court judgment. Id.

> [T]he federal claim is inextricably intertwined with the state-court judgment if the federal claim succeeds only to the extent that the state court wrongly decided the issues before it. Where federal relief can only be predicated upon a conviction that the state court was wrong, it is difficult to conceive the federal proceeding as, in substance, anything other than a prohibited appeal of the state-court judgment.

Id. at 296-97, citing Pennzoil Co. v. Texaco, Inc., 481 U.S. 1, 25, 107 S.Ct. 1519, 1533, 95 L.Ed.2d 1 (1987) (Marshall, J., concurring).

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court made a mistake...I don't see much point in coming back here to litigate it so I think there is no...meaningful relief that I am in a position to grant you at this point. The state court has given Agribank the right of foreclose and right or wrong, that is a valid judgment and I...have no right to go behind it and change what it's done. Appellants' Appendix at 69.

An examination of the Goetzmans' respective claims leads to the conclusion that the federal claims are inextricably intertwined with the state court decision. The heart of the state court proceedings was a determination of the amount the Goetzmans owed to Agribank. The Goetzmans themselves brought the declaratory judgment action to determine the amount owed under the mortgage. Although the Goetzmans' adversary complaint and arguments below cast the issue as whether a portion of their debt to Agribank was discharged in bankruptcy, it is apparent that what was really sought was a federal judgment that would change the state court result. This attempted relief is exactly what is barred by the Rooker-Feldman doctrine. Postma v. First Fed. Sav. & Loan of Sioux City, 74 F.3d 160, 162 (8th Cir. 1996).

In Postma, this court was faced with an appeal by a couple who, having lost an agricultural foreclosure action in state court, filed a complaint in federal court against the foreclosing bank advancing various causes of action and alleging violations of Iowa and federal law. Id. at 161. The district court dismissed the action on the authority of the Rooker-Feldman doctrine. Id. at 162. In affirming the district court's decision, this court concluded that "the current [federal] claims can succeed only to the extent that the state court wrongly decided the foreclosure action." Id. A similar conclusion is compelled in the current case. During their course of dealing a dispute arose between the parties as to how much the Goetzmans owed Agribank. The Goetzmans filed suit in state court seeking a determination of the same. What better

opportunity or forum existed for them to raise the issue that $216,387.00 of the debt in dispute may have been discharged in bankruptcy? Naturally, if the debt or a substantial portion thereof was discharged, the issue should have been vigorously raised in the state court action.

The Goetzmans argue that the Rooker-Feldman doctrine should not be employed to bar their current action because they contend they were not given a fair opportunity to be heard on the merits and that they have a procedural due process right to the same. We disagree. Application of the Rooker-Feldman doctrine does not depend on a final judgment on the merits of an issue, Charchenko, 47 F.3d at 983 n.1, nor is there a procedural due process exception to the doctrine. Postma, 74 F.3d at 162 n.3. If the state trial court erred in the extent it addressed the issue the Goetzmans are now pressing, relief was available in the appellate courts of Minnesota. None being forthcoming, the Goetzmans cannot now bring an action in federal court which would effectively reverse the state court decision or void its ruling. Charchenko, 47 F.3d at 983, citing Landers Seed Co. v. Champaign Nat'l Bank, 15 F.3d 729, 732 (7th Cir. cert. denied, _ U.S. _, 115 S. Ct. 62, 130 L-Ed.2d 20 (1994).[6]

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6. Although we believe that the issue of bankruptcy discharge was in fact raised to a limited extend in the state court proceedings, we note that the Rooker-Feldman doctrine, like the doctrine of preclusion, applied to claims which were

IV. CONCLUSION

For the reasons indicated, the judgment of the district court is affirmed.

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not brought before the state court but could have been raised in the state court action. Feldman, 460 U.S. at 483 n.16.

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
FOURTH DIVISION
4-94-CV-1019
4-87-BKY-474

James O. Goetzman et al.

V.

AgriBank, FCB, f/k/a Federal Land Bank of St. Paul,
f/k/a Farm Credit Bank of St. Paul

ORDER

This matter is before the Court on appeal by the parties from the October 28, 1994, order issued by the Honorable Robert J. Kressel, United States Bankruptcy Judge. Judge Kressel determined that the bankruptcy court had subject matter jurisdiction, but dismissed the complaint for failure to state a claim upon which relief could be granted.

Appellants, James O. and Georgiann Goetzman ("the Goetzmans"), appeal from the Order, arguing that the bankruptcy court erred when it did not determine whether a debt was discharged from a 1987 filed, long-closed, Chapter 12 bankruptcy case. AgriBank, FCB, f/k/a Federal Land Bank of St. Paul, f/k/a Farm Credit Bank of St. Paul ("AgriBank"), appeals from the bankruptcy courts initial determination that it had subject matter jurisdiction. Based on the files, records, and

proceedings herein, and for the reasons stated below, the Court determines that the bankruptcy court lacked jurisdiction, and therefore, the issues raised by the Goetzmans are moot. Accordingly, the bankruptcy court is reversed, in part.

I. Background

The Goetzmans owned a farm in Renville County, Minnesota. In 1983, they signed a promissory note secured by a mortgage on the farm in favor of AgriBank. In February, 1987, the Goetzmans filed a Chapter 12 bankruptcy petition. In June, 1987, the parties executed a stipulation and renegotiated the mortgage debt. The Goetzmans complied with portions of the stipulated agreement, but eventually fell into arrears. By Order, dated June 18, 1987, the bankruptcy court approved the Goetzmans' Chapter 12 plan In March, 1991, Judge Kressel ordered the Chapter 12 case closed and dismissed the trustee, thereby concluding the bankruptcy.

In June, 1992, the Goetzmans tendered to AgriBank an amount which they claimed satisfied the secured portion of their debt. The Goetzmans then demanded a satisfaction of the mortgage. AgriBank rejected the tender, arguing that it did not comply with the Chapter 12 plan. The Goetzmans then filed a declaratory judgment action in state court, seeking a declaration that the tender was sufficient to satisfy their debt to AgriBank. Agribank, in turn, filed its own state court action seeking to foreclose the mortgage. The cases were consolidated for trial in the Renville County District Court.

In January, 1994, after a jury trial, the state court entered final judgment in the amount of $741,627.30 in favor of AgriBank and against the Goetzmans. The trial court declined to consider the Goetzmans' argument that the secured portion of the debt was satisfied and that the unsecured portion was discharged in bankruptcy. The trial court stayed entry of judgment for 30 days until the Goetzmans could retain counsel. The trial court was affirmed by the Minnesota Court of Appeals, and review was denied by the Minnesota Supreme Court after appeal by the Goetzmans. See James O. Goetzman et al. v. AgriBank, FCB, f/k/a Federal Land Bank of St. Paul, a/k/a Farm Credit Bank of St. Paul, No. C5-94-814, 1995 WL 15097 (Minn. Ct. App. Jan. 17, 1995), Pet. for rev. den. (Minn. March 14, 1995).

In August, 1994, three years after the bankruptcy court terminated the Chapter 12 case,[1] the Goetzmans filed this case. The 1994 filing was purportedly part of the previously dismissed Chapter 12 proceeding, seeking an order discharging the unsecured portion of the AgriBank debt. In October, 1994, Judge Kressel dismissed the adversary complaint for failure to state a claim upon which relief could be granted. Judge Kressel found that the Goetzmans' remedy

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1. The Court recognizes that Rule 4007(b) of the Federal Rules of Bankruptcy Procedure permits the filing of an adversary proceeding to determine the dischargeability of a debt after a bankruptcy case has been closed.

for the claimed breach of the June, 1987, stipulation -- if there was one -- was in state court.

II. Analysis

The Court determines that the bankruptcy court did not have jurisdiction to consider the Goetzmans' adversary proceeding in August, 1994. The case was closed and dismissed in March, 1991. While an adversary proceeding is permitted after closure of a bankruptcy case, the Goetzmans' 1994 case actually seeks review of state court determinations.[2]

The United States Supreme Court and the Eighth Circuit Court of Appeals have recently emphasized that a court has no continuing jurisdiction to construe the terms of a settlement after entry of judgment unless there has been a prior reservation of jurisdiction. See Kokkonen v. Guardian Life Insur. Co. of America, 114 S.Ct. 1673, 1676-77 (1994) and Sheng v. Starkey Laboratories, Inc. , 53 F.3d 192, 195 (8th Cir. 1995). There was no such reservation of jurisdiction when the bankruptcy case was closed in March, 1991. Accordingly, the Court determines that there is no subject matter jurisdiction for the bankruptcy court to consider the relief requested by the Goetzmans.

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2. In their pleadings, the Goetzmans label their requested relief as a remand to the bankruptcy court for a consideration whether the Agribank debt was discharged.

The remedy for the claimed breach of the June, 1987, stipulation, voluntarily pursued by the Goetzmans, was in state court. The state court found against them, and the Goetzmans exercised their right to appeal to the Minnesota Court of Appeals and the Minnesota Supreme Court.

Further, federal district courts, including bankruptcy courts, do not sit as courts of review for state court determinations. The Rooker-Feldman doctrine has established that federal district courts do not have subject matter jurisdiction over challenges to state court decisions. Rooker v. Fidelity Trust Co. , 263 U.S. 413, 416 (1923); District of Columbia Court of Appeals v. Feldman, 460 U.S. 462, 476 (1983). The only federal court with jurisdiction to review state court decisions is the United States Supreme Court. Feldman, 460 U.S. at 486; Charchenko v. City of Stillwater, 47 F.3d 981, 983 (8th Cir. 1995).

Based on the files, records, and proceedings herein, and for the reasons stated herein, IT IS ORDERED that:

1. Judge Kressel's October 28, 1994, Order finding subject matter jurisdiction over this matter is reversed.

2. The Goetzmans' appeal is moot, and their adversary complaint is dismissed.

Dated: August 31, 1995

JAMES M. ROSENBAUM
United States District Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

James O. Goetzman and
Georgiann Goetzman,

Debtors. BKY 4-87-474

James O. Goetzman and Georgiann Goetzman, ADV 4-94-480

Plaintiffs,

V. JUDGMENT

AgriBank, FCB, formerly known as the Federal Land Bank of St. Paul, formerly known as Farm Credit Bank of St. Paul,

Defendant.

This proceeding came before the court, and a decision or order for judgment was duly rendered, The Honorable Robert J. Kressel, United States Bankruptcy Judge, presiding.

It is therefore Ordered and Adjudged: The plaintiffs, complaint is dismissed.

Dated: October 28, 1994
At: Minneapolis, Minnesota

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:
James 0. Goetzman and
Georgiann Goetzman,

Debtors.

BKY 4-87-474

James 0. Goetzman and
Georgiann Goetzman,

ADV 4-94-480

Plaintiffs,

V.

AgriBank, FCB, formerly
known as the Federal Land
Bank of St. Paul, formerly
known as Farm Credit
Bank of St. Paul,

Defendant.

ORDER OF DISMISSAL

At Minneapolis, Minnesota, October 28, 1994.

This proceeding came on for hearing on the motion of the defendant to dismiss the plaintiffs' complaint. Michael S. Dove and Jeff C. Braegelmann appeared for the defendant and Lawrence H. Crosby appeared for the plaintiffs.

Based on the file, for reasons stated orally and recorded in open court, and it

appearing that the plaintiffs' complaint fails to state a claim upon which relief can be granted,

IT IS ORDERED: The plaintiffs' complaint is dismissed.

LET JUDGMENT BE ACCORDINGLY.

ROBERT J. KRESSEL
UNITED STATES BANKRUPTCY JUDGE